

Weekly compensation timeline

Learn about how ACC's weekly compensation payments work and what you need to do.

1. Your employee is injured and issued a medical certificate

Determine your employee's Date of First Incapacity (DOFI).

Advise your payroll contact of the employee's absence due to injury (work or non-work).

What is DOFI?

Date of First Incapacity (DOFI) is the first date someone is certified unable to work because of their injury, or the first date they had time off work to seek treatment (the earlier of these two dates). DOFI is important because it establishes the start of someone's compensation journey.

2. Your employee is paid for their first week, if they're unable to work

Pay your employee for their first week from the DOFI date.


If it's a non-work injury?

The employee will need to use sick or annual leave for any days or hours they do not work during the first week.

If it's a work injury?

Employers pay the first week of compensation at 80% of the employee's expected earnings in the first week following injury. You are responsible for calculating this amount and paying your injured employee.

To calculate this, take what the employee earned in the 7 days prior to DOFI, and what the employee would have earned in the following week if it weren't for the injury (including planned overtime etc). If the amounts are the same, pay 80% of this figure. If the work pattern during the first week following DOFI was scheduled as something different (to earn greater or lesser income), pay 80% of that figure.

More information on employer's obligations under the Accident Compensation Act 2001 regarding payments for the first week can be found on the New Zealand Legislation website: legislation.govt.nz 

3. Your employee applies for ACC weekly compensation

Let your employee know they can apply for weekly compensation online through MyACC.

How can weekly compensation be requested?

Weekly compensation can be requested via MyACC (our online service) or via the ACC contact centre.

When your employee applies for weekly compensation, we'll ask them for information about their employment, including:

- who they work for
- if they were employed when they had their accident
- if they are a permanent or non-permanent employee, and their hours of work
- any full days of unpaid leave they've had
- their IRD number.

We use this information to calculate the payments we make to your employee.

Do I need to tell ACC my employee's pay information?

ACC can access your employee's earnings details directly from Inland Revenue to help us make decisions on their weekly compensation application.

If we can't get this information, we may need information from you about their employment including:

- how much they earned before their time off
- their hours of work
- any days of unpaid leave they've had
- the IRD number of your business.



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4. Your employee receives ACC compensation

ACC can pay weekly compensation from day 8 of DOFI.

If your employee is unable to return to their full pre-injury role, ACC weekly compensation is paid at 80% of their average weekly income, as assessed by ACC at DOFI.

If your employee returns to some paid work, abatement of ACC's weekly compensation begins.

If they're receiving income from both you and ACC, encourage your employee to check their tax code with Inland Revenue.

Can I top up my employee's pay?

Your employee can request to use their sick or annual leave entitlements to 'top up' their pay to bring earnings from 80% up to 100% of usual income, with no effect on their compensation from ACC.

For example, if the employee's pre-injury weekly income is \$1,000.00, their ACC weekly compensation amount (80%) is \$800.00. You could top-up pay your employee up to \$200.00 per week (from sick or annual leave entitlements) before the weekly compensation payment is subject to abatement. Top-ups will be taxed as a secondary source of income.

Alternatively, some employers may choose to pay a 20% top-up from payroll, not the employee's leave entitlements.

How is weekly compensation calculated?

To ensure fairness, we have different compensation rates which can change how much your employee receives from ACC.

How much your employee is paid by ACC is calculated on the length of time they are on weekly compensation and their employment status (permanent, casual, or shareholder). There are minimum and maximum rates of compensation we can pay.

More information can be found on the ACC website: acc.co.nz/weekly-compensation

How do public holiday payments work?

You generally won't have to pay an employee for a public holiday while they're receiving weekly compensation, but there are some exceptions. Visit the Ministry of Business, Innovation and Employment (MBIE) website to find out what your obligations are: employment.govt.nz/public-holiday-falls-within-leave-period

5. Your employee is issued a Fit for Selected Work medical certificate and returns to some work

If your employee returns to some work, abatement of ACC's weekly compensation begins.

Pay your employee for the hours they work. Advise your payroll contact to ensure they are paid accordingly. ACC will adjust the weekly compensation payment being made to your employee based on how much you pay them.

Ideally, discussions will happen before your employee starts work so there's no confusion about the payment arrangements.

Encourage your employee to confirm with ACC any form of income they've received from you each week. They can do this online through MyACC.

If they're receiving income from both you and ACC, encourage your employee to check their tax code with Inland Revenue.

How does abatement work?

Abatement applies when the employee receives income from both you and ACC at the same time, so that your employee can earn up to 100% of their usual weekly earnings.

If you're paying your employee for the hours they work and ACC is paying weekly compensation, your employee will need to confirm with ACC any form of income they've received from you each week so abatement can be accurately applied, and we can adjust our payment. They can do this online through MyACC.

Payments made to the employee that are considered 'earnings' and will be used in an abatement calculation include: salary, taxable bonuses, holiday payments, termination pay (leave payments), self-employed income, and director's fees.

What do I pay my employee if no work is available?

If no work is available when a 'Fit for Selected Work' medical certificate is issued, the employee's entitlement to weekly compensation is not impacted.

In this case, each week your employee should advise ACC that they've received no earnings from you via MyACC. This is so they continue to receive full weekly compensation.

6. Your employee returns to their usual pre-injury role

Your employee must advise you and ACC when they receive full medical clearance.

Advise your payroll contact and ensure they are paid accordingly.

When does weekly compensation stop?

ACC will stop paying your employee weekly compensation from the date they are fully fit (the date their existing medical certificate expires, or their doctor issues a new certificate stating they are 'fully fit' – whichever comes first).

